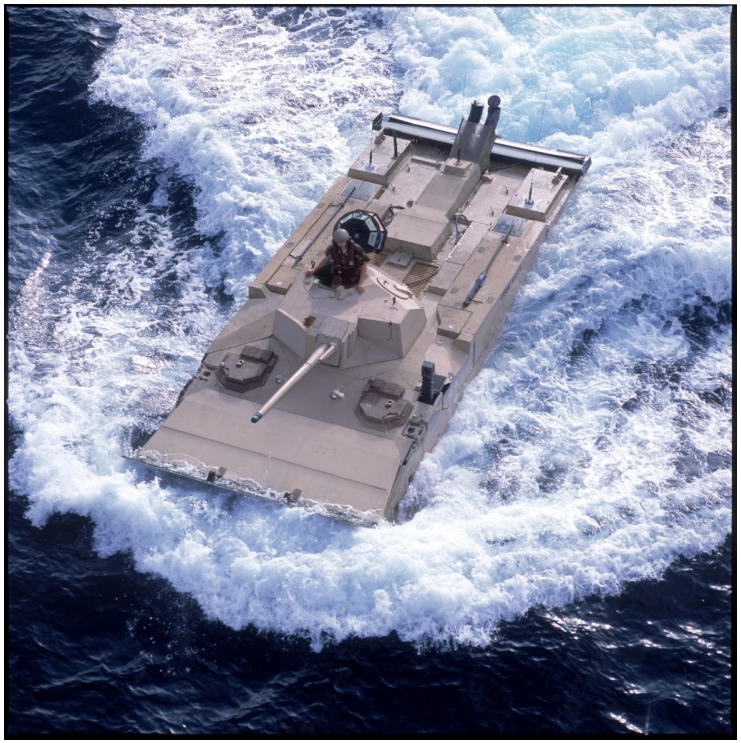
CSSE – Advocacy Board

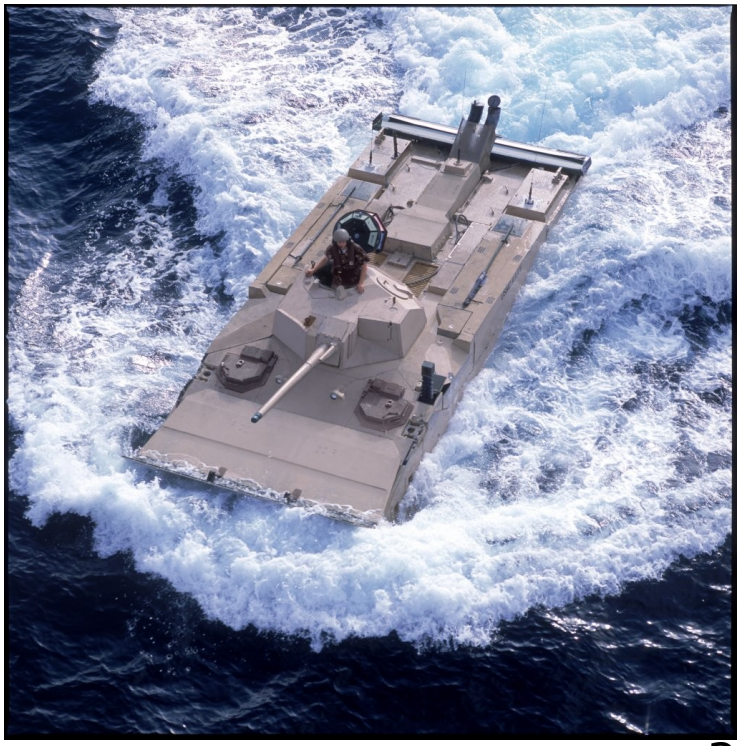
02 FEB 05



Outline

- Evolution of Performance Based Agreement (PBA)/ Partnership Agreement Council (PAC)
- USMC/DLA Partnering Initiatives
  - National Inventory Management Strategy (NIMS)
  - Joint Environmental Material Management Service (JEMMS)
  - Forward Stocking Initiative
  - Increasing eCommerce Opportunities
  - Supply Chain Management: Reliability and R&D
  - DLA Kitting Services
  - Reducing Storage Costs (Dead Dormant Stock)
  - Increasing Use of Dedicated Truck Services
- Class IV Performance Based Agreement
- Questions

Evolution of PBA/PAC



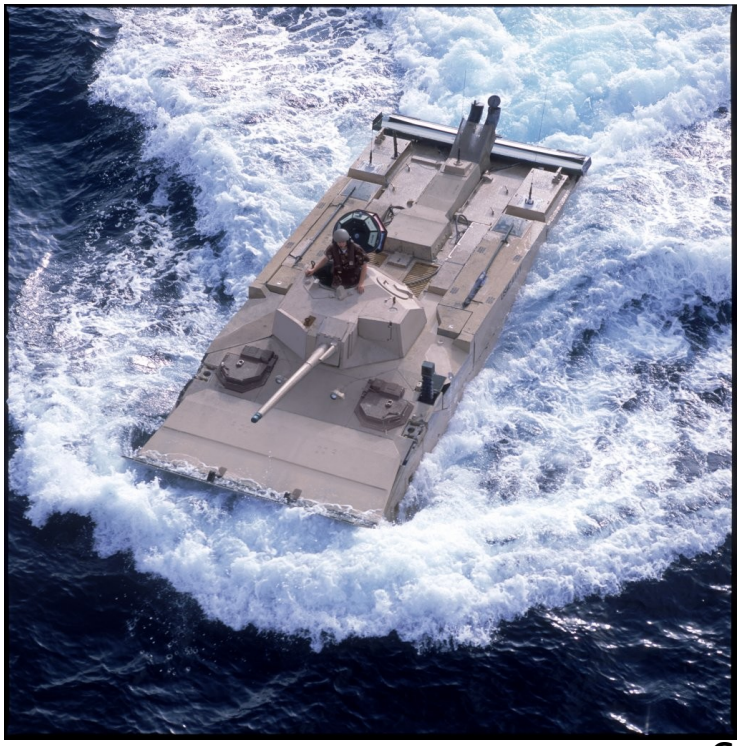
Evolution of PBA/PAC

- 14 NOV 03: USMC/DLA DAY
- 22 JAN 04: USMC/DLA PBA Signed
- 14 APR 04: PAC
  - Define PAC ROE
- 07 SEP 04: DLA Initiatives Brief to LF/LP
- 22 SEP 04: PAC
  - HQMC Message For Okinawa/III MEF BCA
  - NIMS/Forward Stocking VTC with III MEF
  - Class IV PBA Working Group
  - LOGCOM SPR Forecasting
  - **PAC Minutes Sent Out to the Field in Message Format**

Evolution of PBA/PAC

- 08 NOV 04: DLA Initiatives Brief to DC I&L
- 05 JAN 05: PAC
  - HQMC Message to SYSCOM – Magnitude of Resource Rqmt
  - Forward Stocking
  - JEMMS Tele-Conference
- 12 JAN 05: Update Initiatives Brief to DC I&L
- MAR 05: PAC – USMC/DLA Day
- 21 APR 05: USMC/DLA Day

USMC/DLA Partnering Initiatives



National Inventory Management Strategy (NIMS) - Marine Corps

Wholesale and Retail Integration of Support to the War fighter:

- **Reduces service inventory costs**
- **Captures more accurate retail demand for DLA managed items, improving forecasting and … effectiveness**

USMC attrition of inventory investment estima…

II MEF: 4400 pilot NSNs: $6.2M!!

III MEF: 12,169 NSNs: $4.3 M→ Possible $…

I MEF: 17,117 NSNs: $19M →Possible $ 10 …

Ball park estimate

1600 DVD/BSM NSNs to be added in Jan 06 for $9.8 M total II MEF cost avoidance.

STRATIS Programming Costs: 2002-Present:	**$215,200**
DLA Manpower Costs:	**$361,400**
NIMS-MC Testing Costs:	**$162,000**
TOTAL COSTS:	**$738,600**

National Inventory Management Strategy (NIMS)

Objective: Integrate DLA Wholesale Inventory at the Retail Level to Reduce USMC Costs and Increase Inventory Availability. First pilot at II MEF.

Players: HQMC (LP), DLA (J3/J4), MARCORSYSCOM, II MEF

Action Plan:

- ✓ Mar 04: LTG Kelly approves NIMS Pilot @ II MEF.
- ✓ Aug 04: II MEF Kick-off Conference; Initiated Business Rules and Metrics Development.
- ✓ Dec 04: SASSY System Cut-over @ II MEF. Standardizes Legacy System to Enhance Roll-out to II MEF and Other Sites.
- ✓ Jan 05: HQMC message tasking SYSCOM to provide the magnitude of resource requirements.
- Jan-Feb 05: Integration test plan development and system testing to ensure STRATIS/SASSY pass through integrity with DLA SAMMS/BSM.
- Jan 05: DLA offered as a good will gesture to help with funding based on resource requirements.
- Mar 05: Commence Pilot.

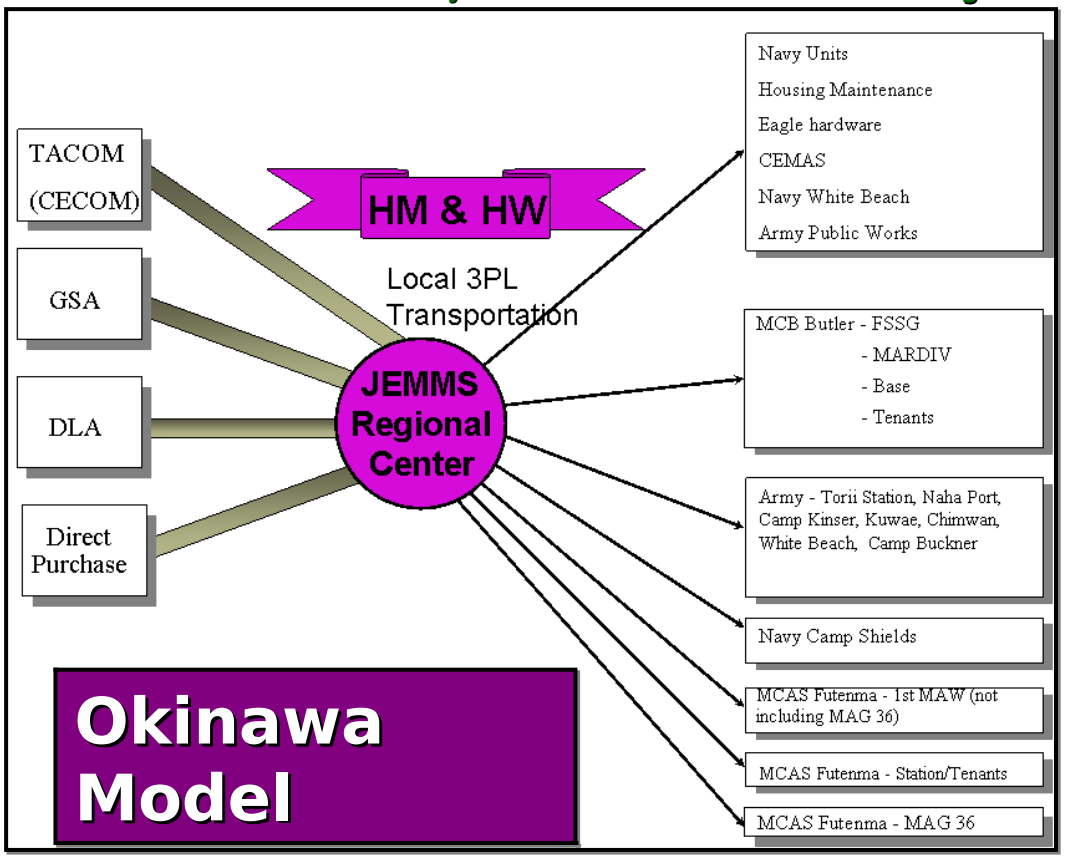
Status: Awaiting SASSY/STRATIS requirements/interface review; anticipated completion Jan 05.

Joint Environmental Material Management Service (JEMMS)

Efficiency

Savings

Workload Reduction



Potential Savings: $4.5

24% of Total HAZMAT Annual Procurement for USMC

Bring Efficiencies, Readiness Improvement, And Cost Savings Of III MEF Model To CONUS

Next Step…Secure USMC HQ's Support To Implement JEMMS At Camp Lejeune And MCAS Cherry Point

Joint Environmental Material Management Service (JEMMS)

Objective: Institutionalize Regionalized Hazardous Material Supply Chain Management

Players: MCB Lejeune, DLA (J3/J4), HQMC (LP/LF)

Action Plan:

- Jan 05 – Resolve BCA
- Jan/Feb 05 – Develop Memorandum Of Agreement and Lay Out Process Flow
- 1 Feb 05 - DLA recommend start date
- Mar/Apr 05 – Fine-tune Process and Systems Flow

Status: Reviewing BCA data. BCA States $4.5 M in Savings. DLA willing to develop a Hybrid JEMMS. WIPT meeting next week.

Issues: Ensure JEMMS can be accomplished within GCSS-Marine architecture and is supported as an enterprise solution. Deployability and MOS Proficiency. Established relationships with external agencies.

Forward Stocking Initiative

Efficiency

- Approx 2,990 Lines support USMC units
- # of USMC Reqns annually: 7,500 valued at $1.3M

- Approx 534 Lines support USMC units
- # of USMC Reqns annually: 849 valued at $290K

- Approx 2111 Lines support MC units
- # of USMC Reqns annually: 7133 valued at $8.5 M

- 20 Lines support USMC units
- # of USMC Reqn annually: 22 valued at $1,587

- Approx 791 Lines support USMC units
- # of USMC Reqns annually: 1217 valued at $880K

Pearl Harbor

Germersheim

Korea

Yokosuka

Sigonella

CENTCOM

Guam

OCONUS Troop Concentrations

Existing Depots

Planned Depots

Sites and Items Selected Based On Customer Requirements And Business Case Analysis

50% Lower Requisition Wait Time!
Saves Transportation Costs (Shifting Air to Surface)

Forward Stocking Initiative

Objective: Forward Stocking Initiative designed to decrease transportation cost and decrease customer wait time.

Players: HQMC (LP), HQ DLA (J3/J4), DDC, III MEF

Action Plan: DDC Develop BCA

- Review/Update DDYJ support to Okinawa BCA
- Develop DDDK support to Okinawa BCA
- Receive III MEF list of demand based NSN's (4/hits per year)
- BCA Completed Spring 05
- Final action – DDC, DLA, HQMC trip to Okinawa to discuss findings

Status:

- 21 OCT 04 – VTC (HQMC, HQ DLA, III MEF)
- DEC 04 – DDC meeting on Okinawa with III MEF (Formed IPT)
- 24 DEC 04 – Baseline Sources of Supply and Corresponding CWT's.

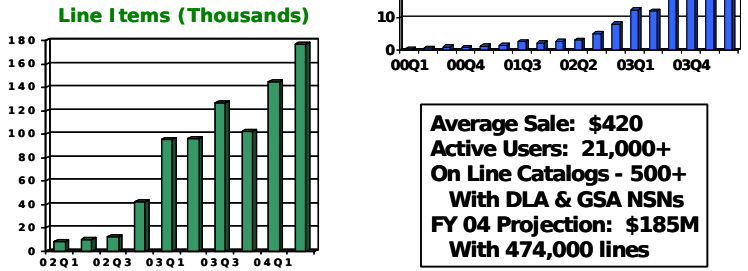
Increasing eCommerce Opportunity: DOD EMALL Partnering

Efficiency

Responsiveness

- USMC Benefits of DOD EMALL
  - Reduced Purchase Administrative Lead Times
  - Access to Millions of commercial items on negotiated contracts
  - Better oversight of Government Purchase Card Purchases
  - Demand capture for items ordered outside supply channels
- High Payoff Opportunities
  - Single, Integrated Ordering site for USMC – Add USMC contracts, Prime Vendor Catalogs and Base Service Contracts
  - Many PBL/CLS contractors purchase DLA parts via DOD EMALL
    - USMC gets better prices

Sales History



Average Sale: $420
Active Users: 21,000+
On Line Catalogs - 500+
With DLA & GSA NSNs
FY 04 Projection: $185M
With 474,000 lines

Example

- DOD EMALL reduces transaction costs
- DLA Specific Data
  - Cost Manual Purchase ($) (1) $146.00*
  - Cost EMAL Purchase ($) (2) $11.31
  - Cost Avoidance ($) (3) = [(1) – (2)] $134.69
- Credit Card Data
  - Baseline Credit Card Purchase $25.62
  - EMALL Purchase $11.31
  - Savings per Transaction $14.31

* NOTE: Morgan Stanley study of commercial industry shows manual purchases $125-$175.

Next Step…Set up IPT to validate and implement opportunities for expanded use of EMALL

Increasing eCommerce Opportunity: DOD EMALL Partnering

Objective: Utilizing electronic business tools and taking advantage of e Commerce opportunities to reduce procurement administrative lead time, be more responsive to our customers and save money.
Players: HQMC (LB), DLA (J3/J4)

Action Plan: Conducted a mini spend analysis of 2000-2004 Marine Corps transactions. Items procured through EMALL were compared to similar items found through Internet. Conduct a pilot study at one or two Regional Contracting

Status: Marine Corps' use of EMALL increased between 2000 and 2005. Historical data demonstrates a wide array of items procured by various Marine Corps activities utilizing various contractors. Prices of items procured through EMALL appear similar to prices of items found in conducting recent market research, but search was limited to brief historical item description.

Issues: Use of GCPC as second method of payment, Reporting (who gets credit for the procurement – Small/Disadvantaged Business), Competition (how is it guaranteed; is same vendor repeatedly receiving

Supply Chain Management R&D Partnership

Efficiency

Maturing Initiatives

- **Marine Corps Equipment Readiness Information Tool** (MERIT). A Readiness, Operations Planning, and Logistics management tool

Emerging Initiatives

- **DLA Reliability Initiative.** Re-engineers weapons system parts for improved reliability. Lowers life cycle costs for our customers. Examples are: Starter Battery for the Cobra and Transformer Rectifier for the EA-6b, 8 F/A-18 A-D projects
- **Cost of Readiness (COR) tool.** Will incorporate total life cycle costs for USMC Weapons Systems
- **Prototype Load Out Forecasting Tool.** To optimize requirements planning for deployable units

Next Step… Work with Weapons Systems PMs at Quantico to Identify Candidate Reliability Projects For FY05 Funding

Supply Chain Management R&D Partnership

Objective: Develop Partnership between DLA and USMC for R&D Funding

Players: HQMC (LP) and HQ DLA (J3/J4)

Action Plan :

- U.S. Marine Total Life Cycle Management Assessment Tool (TLCM AT)
- Supply Chain Optimization and Performance Enabler (SCOPE)
- U.S. Marine Corps Cost of Readiness (COR) Initiative Phase I Weapon System Life Cycle Cost Model
- U.S. Marine Corps Supply Chain & Readiness Life Cycle Modeling Initiative (LCMI), Phase 4

Status: All Meet SCM Funding…Initiatives are being considered along with other for final funding decision.

Issues: N/A

DLA Kitting Services

Efficiency | Savings | Responsiveness | Lower Workload

Kitting As A Service

Kitting As A Product

Kitting To Meet Your Logistics Needs

	Kitting As A Service	Kitting As A Product
Characteristics:	• Flexible… can be changed quickly • Supports a maintenance line or logistic process • Manual effort involved & more collaboration	• More permanent… stock number assigned • Requires collaboration & planning • Traceable transactions of requisitions, shipments, receipts, and billing
Benefits:	• Improved Customer Wait Times (CWT) • Supports changing customer requirements • Reduces requisition time by Service • Speed up maintenance/repair	• Reduced CWT • Reduced work stoppages • Reduced touches of materiel per process • Reduced requisition time by Service

Kitting

Objective: Revise and Expand DLA Kitting

Players: DLA (J3/J4), DSCC, LOGCOM

Action Plan: Continue to identify maintenance programs through collaboration and planning that will capitalize on Kitting

Status: 11 Kits required for SIXCON to be assembled by DLA

- Water Fuel Separator
- Fuel Monitor
- Flow Meter
- Hose Reel
- Hose Assembly Kit
- Hose Assemblies
- Deadman Valve
- Suction Manifold Kit
- Assembly Kit
- CWC Kit
- Final Kit

Issues: None. This is a success story.

Measures of Success: Improve CWT, Reduce Work Stoppages, Speed up Maintenance/Repair Tasks.

Reducing Storage Costs

- Evaluate Need for 1,200 Dormant Marine Corps NSNs (3+ Yrs Inactive) =
- Stock Positioning Strategy
- Marine Corps & DLA Partnership =

Next Steps…Form IPT; Develop Strategy To Identify/Dispose Of Unneeded NSNs

Reducing Storage Cost

Objective: To remove the Service Excess materiel's from the DLA depots and provide storage cost saving to the Marines.

Players: HQMC (LP), LOGCOM, SYSCOM PM’s, DLA (J3/J4)

Action Plan :

- Dormant Stock IPT meeting Jan 26 @ HQ DLA
- Review of 1200 NSN’s
- Initial focus on items with highest storage costs
- 30 day incremental reductions implemented
- Implemental report due:
  - 31 JAN 05
  - 28 FEB 05
  - 31 MAR 05

Status: Working

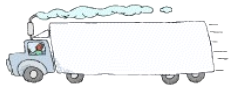
Issues: Update the status of the removal of Service dormant stock from the DLA depots.

Measures of Success: Elimination of excess on hand stock

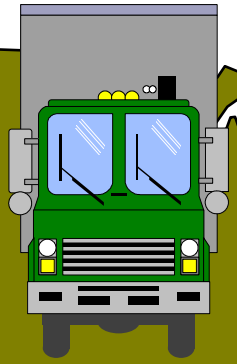
Dedicated Trucks

…a great story for everyone!

Savings



Responsiveness



DDJC

DDSP

DDCN

(#) = TRUCKS PER WEEK

MCLB BARSTOW (3)

MCA/GCC
TWENTYNINE PALMS (5)

CAMP PENDLETON
MCB (5)

MCAS MARIMAR (5)

CAMP
LEJEUNE (5)

MCAS NEW RIVER (5)
MAL SQ 26 & 29

MCLB ALBANY (2)

BLOUNT ISLAND CMD (4)

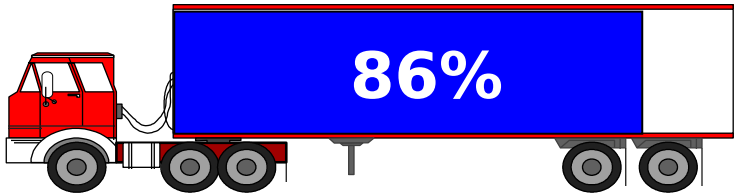
Dedicated Trucks Save Transportation Costs While Maintaining

Increasing the Use of Dedicated Trucks

…making a great story even better!

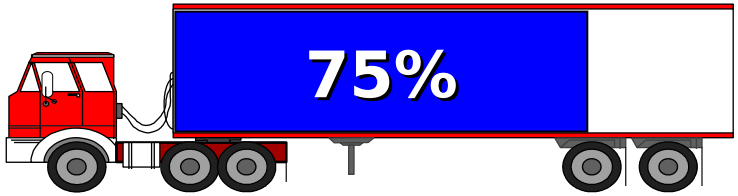
rcent of Shipments moving in Dedicated Trucks for January through Jun

DDSP TO CAMP LeJEUNE



- 5 Trucks Each Week, Next Day Service.
- 3,173 Air Shipments
- 1,292 Small Parcel Shipments.
- Can Air/Small Parcel Shipments go by Truck?

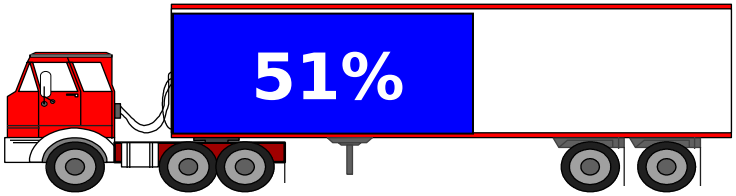
DDJC TO CAMP PENDLETON



- 5 Trucks Each Week, Next Day Service.
- 4,733 Air Shipments.
- 2,860 Small Parcel Shipments.
- Can Air/Small Parcel Shipments go by Truck?

12 CENTS/LB VERSUS 96 CENTS FOR PREMIUM TRANS

DDSP TO MCLB ALBANY



- 2 Trucks Each Week, 2nd Day Service.
- 5,420 Air Shipments.
- Can Air Shipments go by Truck?
- Can We Increase the Number of Trucks?

DDSP TO MCAS NEW RIVER

- 19,335 Shipments.
- Can We Add MCAS New River as a Stop-Off on an existing Dedicated Truck?
- Will need to include the Navy.

Next Step… Set Up An IPT To Maximize Use of Dedicated Truck; Use Lejeune to Test Integration of Dedicated Truck and NIMS

Increasing The Use of Dedicated Trucks

Objective: Maximize use of Dedicated Truck Service; Test Integration of Dedicated Truck and NIMS

Players: Marine Corps (Lejeune, Albany, Camp Pendleton, New River) DLA , SDDC, Motor Carriers, Customers

Action Plan: Project Plan is in draft stage. Three existing routes will be analyzed and and the feasibility of establishing a new route will be explored. Actions will be worked in the following order:

- DDSP to Camp LeJeune & DDJC to Camp Pendleton
- DDSP to MCLB Albany
- DDSP to MCAS New River (new service)

Status: 6 Jan 05 meeting with stakeholders formed an IPT

Issues: Availability and confirmation of data to support the program

Measures of Success: To be determined, but will likely include 1) Utilization of the Dedicated Truck, 2) Impact

Class IV PBA

Class IV PBA

- Class IV material support problems encountered during OIF:
  - Incomplete Bill of Material by RDD
  - Double ordering of Class IV Material
  - Co-mingling of multi-service material on pallets
- Objectives: Identify roles/responsibilities in the agreement's execution, develop quantifiable metrics to be used in assess the performance objectives and continually improve the effectiveness and efficiency of Class IV product support to the MARFORs.

Class IV PBA

Timeline:

- AUG 04: LP drafts CL IV PBA for review
- OCT 04: DLA (J4) and LP Review PBA…Revisions Made
- DEC 04: Draft PBA Sent to MEFs for review and comments
- JAN 05: Comments Due From MEF
- FEB 05: I&L (LP), DLA (J4), and DSCP Review and Comment
- MAR/APR 05: Sign Class IV PBA

Questions